

Strong Used Car Sales Boosts Carmax's Net Income

By MICHAEL FELBERBAUM
AP Business Writer

RICHMOND, Va. (AP) — Used car dealership chain CarMax Inc. said last week its fiscal third-quarter net income rose more than 10 percent as an uncertain economy continued to boost sales of previously owned vehicles.

The Richmond, Va.-based company said it earned \$82.4 million, or 36 cents per share, in the three months that ended Nov. 30. That's up from \$74.6 million, or 33 cents per share, a year ago.

CarMax, which runs more than 100 stores that mainly sell used cars and trucks, said overall revenue rose 23 percent to \$2.12 billion on strong used car sales and higher

prices. Sales at stores open at least one year increased 16 percent during the quarter.

Thomson Reuters said analysts expected a profit of 34 cents per share on revenue of \$1.97 billion.

Despite the beat, shares of CarMax slid \$3.46, or 9.6 percent, to \$32.44 in morning trading early last week.

CarMax's shares are still up about 50 percent from last year and recently hit an all-time high of \$36 per share. Investors may be "profit-taking," or cashing in shares purchased at a lower price, as the stock grows, said David Whiston, an auto equity analyst with Morningstar Inc.

"The story for CarMax going forward looks excellent," Whiston said. "It's a great car

story, the business model is outstanding and volumes are coming back, credit availability is coming back."

Used car sales have been strong all year as buyers look to cut costs out of job security fears, and the demand has pushed prices to record levels.

CarMax has seen its performance improve as a result of stronger sales, cost-cutting efforts and gains from its financing division.

But continued low consumer confidence, tighter lending standards and high regional unemployment still have hindered the industry's recovery.

CEO Tom Folliard said that CarMax dealerships have seen an increase in traffic and

its sales force was able to convince more of those people to buy. Increased credit availability also helped drive higher sales.

"We've seen a nice trend here over the last few quarters of increased traffic and increased sales," Folliard said in a conference call with investors.

"This quarter's results showed sustained strength in many of our key areas."

Used vehicle sales rose about 20 percent as the company's average selling price rose about 2 percent.

CarMax said its gross profit per used vehicle sold remained relatively unchanged at \$2,103 and total gross profit increased 23 percent primarily because it sold more cars.

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P.O. Box 2040
Dearborn, Michigan 48123
313-565-5500
Info@SpringerPublishing.com

Gerald Scott, Editorial Dept.
News@SpringerPublishing.com

AD DEADLINE: Thursday 5:00 p.m. for the next edition
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There are now jeweled-like rear taillamps on the Chrysler 300.



The 2011 Buick Regal Turbo gives buyers three different driving modes at the touch of a button.

Buick Regal Turbo Offers Control of Driving Styles

DETROIT — Imagine racing up a twisting mountain road, taking each turn as confidently as a rally champ, and then cruising comfortably down a suburban boulevard, enshrouded in luxury without ever changing vehicles.

Too much to ask of one car? Not if that car is the all-new 2011 Buick Regal CXL Turbo.

Regal Turbo, arriving at dealerships now, offers not one, not two, but three unique driving experiences, each selectable by a push of a button.

The 2.0L turbocharged sedan features an exclusive chassis technology that allows the driver to choose between standard, touring and sport driving styles.

The Interactive Drive Control System changes the Regal Turbo's driving dynamics by altering suspension, shift pattern and steering sensitivity through the variable effort steering system.

The touring setting offers a comfortable, relaxed driving experience for long journeys.

The sport setting enhances road-holding capability.

And, the standard, or default, setting is optimized for all driving situations.

"Interactive Drive Control links vehicle systems together, changing perceivable vehicle characteristics as it adapts to driver inputs," said Bill Rietow, GM lead development engineer. "The driver can really feel the difference."

The driver also can personalize the sport setting through the vehicle's radio configuration menu to allow or disallow for any combination of the three features: steering, suspension or powertrain.

If a driver likes the added steering effort but not the firmness of the suspension, he or she can simply turn off the suspension portion.

The other major benefit of Interactive Drive Control is that it intuitively adapts the vehicle's performance settings to individual driving styles. When a driver begins to drive more aggressively, it will automatically tighten the suspension and increase steering effort. When the vehicle senses that the driver is

cruising, it adjusts settings for rolling smoothness and comfort.

The system also offers enhanced vehicle stability and greater driving safety. All four dampers are electronically controlled and continuously adapt within milliseconds to the prevailing road conditions, vehicle movements and individual driving style.

If an obstacle must be avoided when the car is in touring mode, various chassis sensors convey this to the driving mode control and the dampers are stiffened within milliseconds, delivering greater body control.

Interactive Drive Control helps place Regal at the forefront of an emerging trend for greater personalization of the driving experience, made possible by advances in electrification and computerization of onboard vehicle systems.

According to George Peterson, president of AutoPacific, a marketing research and consultancy firm, consumers now expect new vehicles to offer advanced capability in both dynamic driving performance and smart technologies such as voice activation, navigation and steering wheel controls.

"It used to be that cocktail conversation revolved around how much horsepower your car had or how fast you could go, but now it's evolved into a conversation about advanced technologies and what the vehicle can do for you that it couldn't do before," Peterson said.

"Our data show that the amount of interaction a driver can have with a vehicle is stimulating anywhere from a quarter to a third of sales."

Regal's reinvention as a luxury sedan for the tech-savvy isn't limited to the Turbo model.

A modified version of Interactive Drive Control is coming next year to the all-new 2012 Regal GS, which is an even sportier expression of Regal line. Like the Regal Turbo, GS will offer three operating modes. But in the GS, the driver will select from standard, sport and GS.

Selecting GS mode optimizes the car for dynamic driving, Buick says.

2011 Chrysler 300 Features New Styling, Details

AUBURN HILLS — With its iconic rear-wheel drive and more than 55 years behind it, the all-new 2011 Chrysler 300 delivers contemporary styling and design details, while setting a new course for the American brand.

At the front, an all-new grille features seven deeply sculpted horizontal blades that express precision. The liquid-chrome finish of the blades and the new Chrysler wing badge provide a unique contrast against the bright chrome grille surround.

Illuminating the road ahead are signature "key slot" headlamps with a scalloped lower edge. Inside, bi-functional projector headlamps are nestled next to LED-illuminated daytime running lamps, which together form a "C" shape for unmistakable on-road presence.

The profile of the all-new Chrysler 300 features the distinctive proportions of its predecessor with added design refinement for a more tailored appearance.

Dramatic front-fender forms rise above the sculpted hood and are echoed by rear-quarter forms that rise above the deck lid and travel down the vertical taillamps for an unmistakably bold signature

silhouette.

For improved aerodynamics and visibility, the all-new Chrysler luxury flagship's windshield has been raked back three inches, while rolled-framed doors with thinner pillars improve outward visibility by 15 percent.

To take in the sky above, a new dual-pane panoramic sunroof provides Chrysler 300 passengers with twice the outward visibility of a standard sunroof.

For a more contemporary appearance, the 2011 Chrysler 300 features a clean bodyside with a distinct windswept A-line that emphasizes the sedan's long wheelbase and spacious cabin.

Delivering a touch of world-class sophistication, the all-new Chrysler 300 is highlighted by chrome daylight openings, chrome front- and rear-fascia accents and available 20-inch polished-aluminum wheels.

Elevating the all-new Chrysler 300's presence from the rear, the deck lid now incorporates a lip spoiler, while the new Chrysler wing badge is centered below.

Jeweled-like rear taillamps feature harmonious LED illumination, while signature "light pipes" illuminate.

Camaro Convertible Whip Antenna Now Thing of Past

DETROIT — When spy shots surfaced of the pre-production version of the 2011 Chevrolet Camaro Convertible, an outcry went up among Camaro enthusiasts over the AM/FM whip antenna positioned on the rear deck lid.

Quite simply, they hated it. Chevrolet was quick to respond, commissioning a self-described antenna freak named Don Hibbard to find a way to fix it. "Antennas are a beautiful thing to me," says Hibbard, an antenna test performance engineer.

Engineers working on Camaro are passionate to drive perfection into every aspect of the vehicle. Hibbard and colleague Gregg Kittinger had to do what some thought was impossible: conceal the AM/FM antenna without sacrificing radio reception, while not putting it inside the Camaro's windows. The two, who share three other patents, happily accepted the challenge.

"We weren't sure that it would be possible," said Kittinger. "Typically, antennas are hidden in a vehicle's rear window, but with a retractable soft-top roof, that's not an option."

So they came up with a novel approach — hide the antenna inside the rear spoiler. No one had tried that on a

Chevrolet before because of the hit to radio reception.

"We responded to a legitimate criticism from devoted Chevrolet Camaro enthusiasts and in 10 months found an innovative way to improve the overall aesthetics of the vehicle without sacrificing performance and quality," said Kittinger.

While the shark fin antenna that transmits XM Satellite Radio, OnStar and cellular signals is still present on the car's deck lid, the built-in spoiler antenna eliminates the need for a longer, separate whip antenna to receive AM and FM radio signals.

Hibbard, a lifelong ham radio enthusiast, says the unorthodox placement of the antenna within the body of the vehicle created a number of technical challenges, such as balancing form by preserving the car's styling and function of unimpeded audio reception.

"Where other automakers have tried and failed, Chevy succeeded," said Hibbard. "We hope to take what we've learned with the Camaro Convertible, build on it and apply it to future vehicles."

The 2011 Camaro Convertible arrives in dealer showrooms this February. The car debuted to rave reviews at the 2010 LA Auto Show back in November.



The 2011 Chevrolet Camaro convertible at its press debut at the Los Angeles Auto Show. Building the antenna into the Camaro convertible was quite an adventure for GM. The antenna needed to be concealed without compromising radio reception.



Don Hibbard



Gregg Kittinger

EV1, Hybrids, Equinox Led Way for Chevrolet Volt

WARREN, Mich. — The Chevrolet Volts now being delivered to enthusiastic retail customers would not have been possible without the lessons learned from previous General Motors electrification efforts.

Many of the technologies resulting from the development of the ground-breaking EV1 in the 1990s, the Two-Mode hybrid SUVs and pickup trucks and the fuel cell Chevrolet Equinox used for the Project Driveway program are part of the Volt.

"The band is back together — only this time there are fans," said former EV1 chief engineer Jon Bereisa.

Regardless of whether a vehicle uses a hydrogen-powered fuel cell, a battery charged from the grid or just recovered kinetic energy from a hybrid drive system, the electric propulsion systems feature many common components and sub-systems.

Traction motors and generators, power electronics and battery management systems work in much the same way for each. Improving one type can benefit all. Each alternative drive vehicle also relies on systems like electric power-assisted steering, electronic brake control and electric climate control.

While earlier vehicles were

not built in mass-production numbers, many of the engineers that created them also contributed to the Volt development, including chief engineer Andrew Farah.

"By adapting sub-systems such as the EV1-descended motors developed for the front-wheel-drive hybrid system and electronically controlled brakes from the fuel cell Equinox, the engineers were able to focus more resources on the new lithium ion battery and overall vehicle integration," said Farah.

The hardware engineers weren't the only ones to benefit from the earlier programs. "A new drive system like

this," said Farah, "involves a lot of complex control software such as the regenerative brake blending, which benefited from the Two-Mode hybrid development."

As the transportation ecosystem moves from a dependence on petroleum over the coming decades, electrification will allow vehicle engineers to separate the propulsion and energy storage systems.

"In the future," said Daniel O'Connell, director of fuel cell commercialization, "vehicles will likely combine different energy systems including batteries, ultra capacitors and hydrogen fuel cells."